Customer Churn Analysis

Uncovering drivers & mitigation strategies

Oyelade Oke | December 2024

Understanding Customer Churn.

What is customer churn?

When existing customers;

- cancel their subscription

- close account, or

- switch to competitors

Why is it important?

Reducing churn improves;

- customer retention

- revenue, and

- loyalty

Approach to analysis…

- **Statistical exploration,** to identify significant predictors of customer churn

- **Visualisation,** to uncover trends and patterns

- **Mitigation strategies,** to curb further customer churn

- **Further Investigations,** due to limited data availability

Factors Driving Customer Churn...
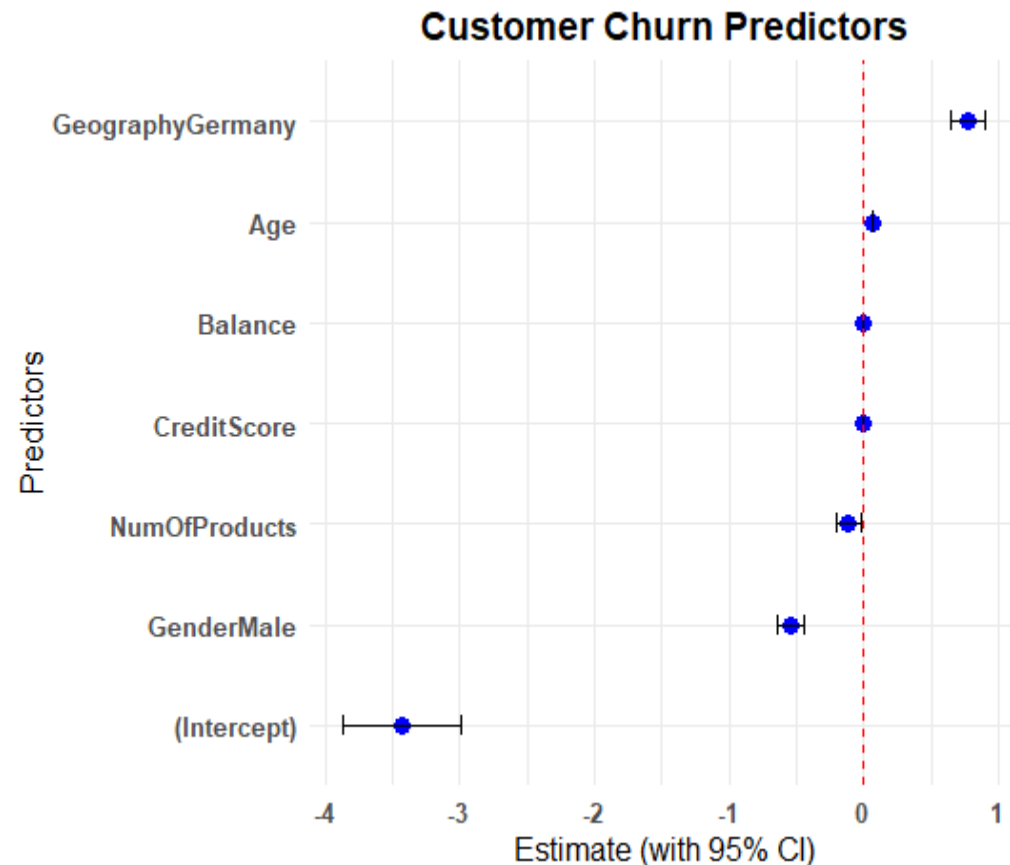
Statistical forest plot of predictors

*Predictors to the right of the red line **increase** churn likelihood, and those to the left **reduces** it...*

Increase customer churn

- Geography (Germany)
- Age

Reduces customer churn

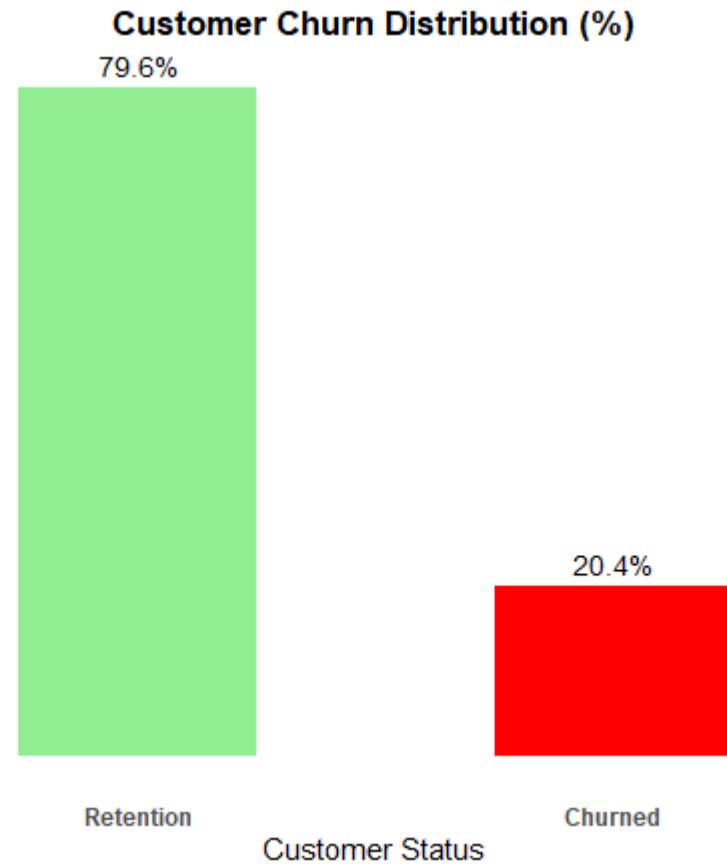- Products (subscription)
- Gender (male)

Customer Churn Predictors

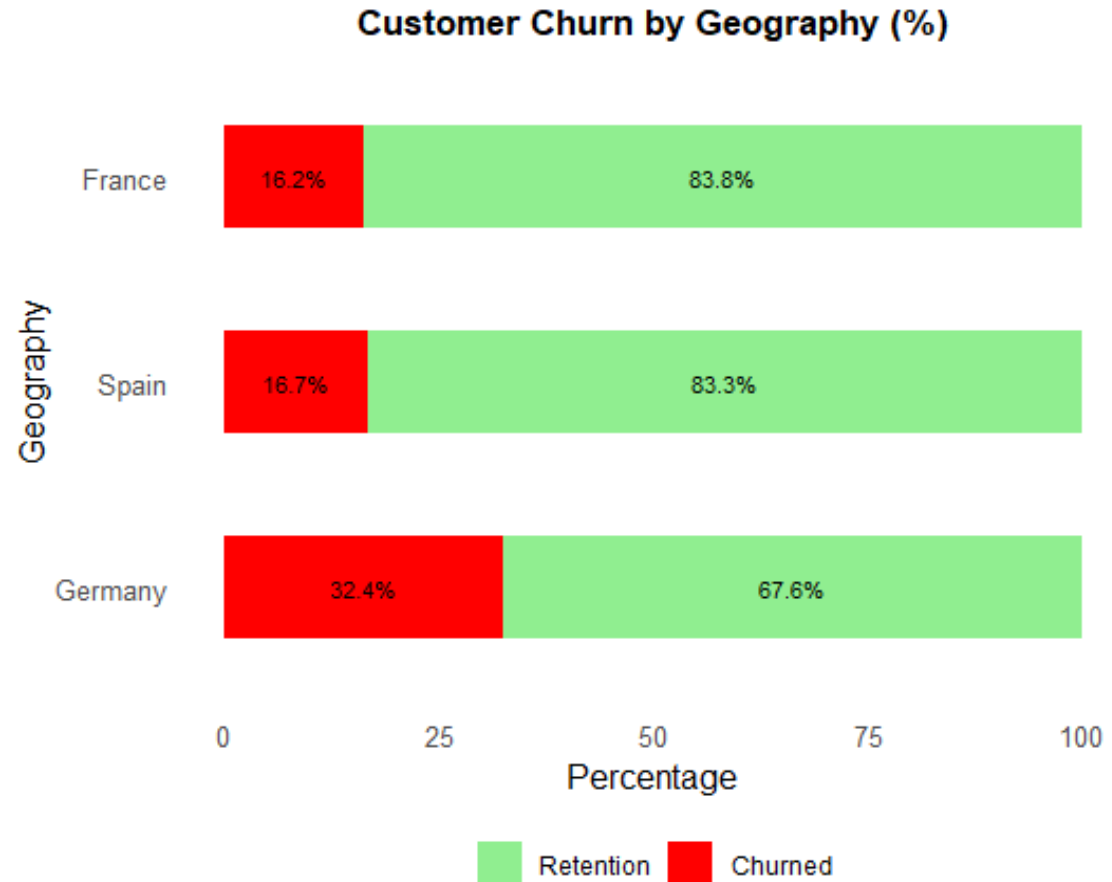# Insights

Customer churn rate

The bank lost **20.4%** of its customers

due to churn...

Customer Churn Distribution (%)

Factors driving the customer churn...

Geography

The bank churned **32.4%** of its customers

in Germany...

Customer Churn by Geography (%)

France: 16.2% Churned, 83.8% Retention
Spain: 16.7% Churned, 83.3% Retention
Germany: 32.4% Churned, 67.6% Retention

Geography (y-axis) / Percentage (x-axis): 0, 25, 50, 75, 100

Legend: Retention, Churned

Age distribution

51.1% *of customers in the 46-60 years*

age range stopped using the bank services...

Customer Churn by Age Distribution (%)
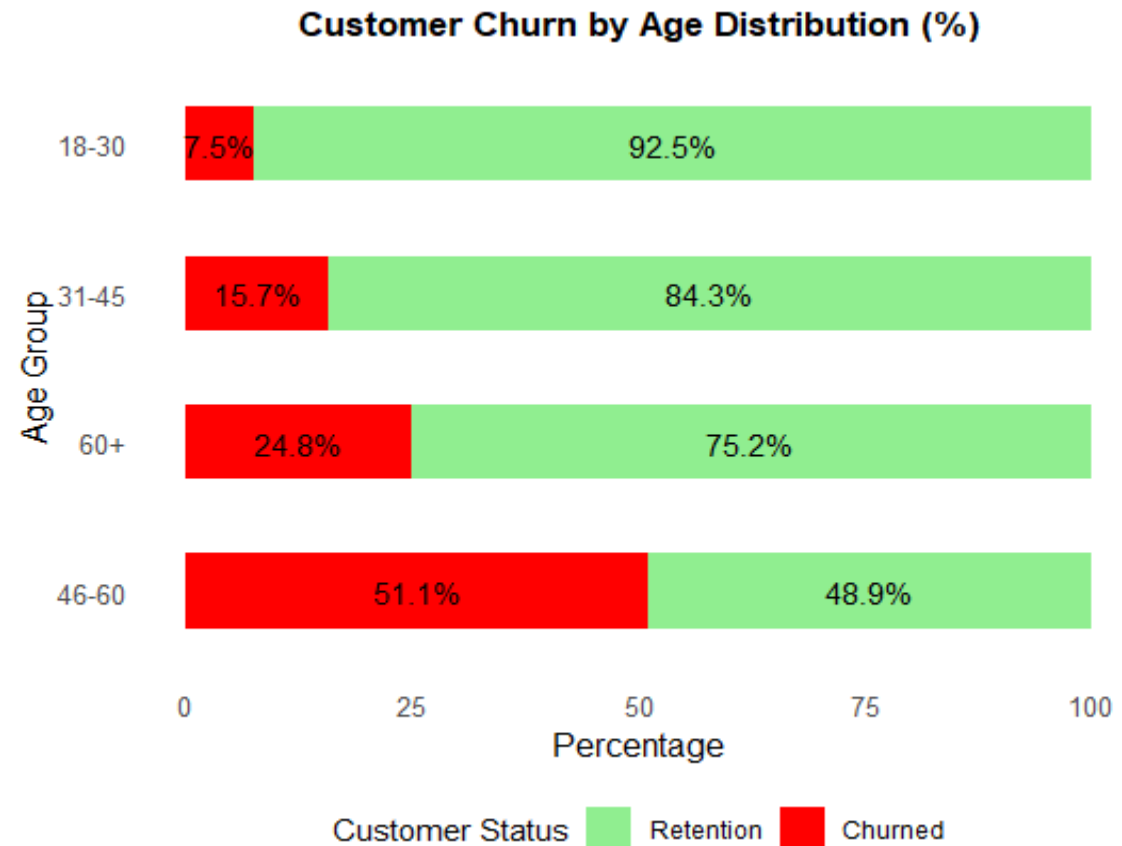
Possible reasons for churn....

Geography (Germany)

- **Competition:** *Local banks offering better services and tailored products.*

- **Cultural preferences:** *Inadequate attention to local preferred offerings.*

- **Policy:** *Differences in bank policies across geographies.*

- **Service gaps:** *Unmet higher service quality expectation.*

Age (46-60) years

- **Digital adoption:** *Difficulty adapting to digital banking or technological advancement.*

- **Lifestyle changes:** *Retirement leading to reduce financial activity or shifting priorities.*

- **Product relevance:** *Non-alignment with financial goals or preferences of older customers.*

- **Trust issues:** *Concerns about fees, policies, or lack of tailored services for older customers.*

Mitigation strategies...

Geography (Germany)

- *Develop localised products and services that caters to German preferences.*

- *Benchmark with local competitors to address service gaps.*

- *Enhance cultural and regional marketing strategies to boost engagement.*

Age (46-60) years

- *Offer tailored retirement and investment plans.*

- *Emphasize personalised customer support for older customer.*

- *Simplify the user interface of digital banking tools to promote engagement.*

Further investigations...

Geography (Germany)

What to investigate?

- *Customer complaints or satisfaction scores by geography.*

- *Local competitors and their offerings.*

- *Service response time and quality in relation to high churn cases.*

Age (46-60) years

What to investigate?

- *Preferences for financial products/services across customer's age distribution.*

- *Barriers to engagements amongst older customers.*

- *Impact of lifestyle changes and life stage events.*

The end…